

AMENDMENTS

In the Specification

Please make the following changes to the specification:

1. In the Summary of the Invention section, page 4, please replace the third paragraph with the following paragraph:

A method is disclosed for a state procurement system comprising the acts of providing an Internet-based procurement system for use by a state government agency; providing an internet portal for use by the state government agency to interface with the Internet-based procurement system; providing an internet portal for use by a qualified vendor wishing to sell products to the state agency, the vendor paying a fee to participate in the system, the fee paid to the state agency for use in paying the services provider; and providing the procurement system to the state government agency for a negotiated price to the state government agency designed to generate direct savings to the state government agency.

2. Replace the paragraph which begins at line 20 of page 8 which reads "Referring now to **Figure 5** . . ." and which continues on to the top of page 9 as follows:

AZ
Referring now to **Figure 5** an exemplary transaction is described. In **Figure 5** when a purchase request is received **501** from a state government agency, the request may be in any number of formats and/or protocols. The purchase request is converted to a standard format and protocol **503** and a qualified vendor is located **505**. A request is submitted to the determined vendor **507** and a determination is made as to whether the specified vendor can fill the order **509**. If the vendor cannot **511** another vendor will be selected if possible **517** and the request submitted **507** again. If another vendor cannot be found **519** the requesting state government agency will be notified **521, 523**. If the selected vendor can fill the order **513** the order is placed **525** and order tracking records are written. Once the goods/services have been received and accepted **527**, accounting entries are set up for the cost to the agency to disburse funds **529**, and

payment is made using the business model rules calculation 531 for the amounts due to the vendor 533 and the fee amounts to be put into the eProcurement Reserve Fund 535. The fees due to Accenture™ per the business model are distributed 537 and the distribution is made to the eProcurement Service Provider partner 539.

3. Replace the second paragraph on page 9 which begins at line 8 with "The purpose of the business model . . ." as follows:

A3
The purpose of the business model is to provide a mechanism for the State to make substantial progress towards the E-Commerce objectives including better citizen and business services at a lower cost. One strategy is to develop a self-funding mechanism to pay for the development and operational services to be provided by the Service Provider. For example, Accenture/Yahoo! team. The self-funding business model that is proposed is targeted to meet a number of key objectives critical to the state's needs.

4. Replace the paragraph on page 11 which begins at line 14 with "2) Supplier Fees - . . ." as follows:

A4
2) Supplier Fees - Suppliers would pay a minimum fee (% of goods and services sold to the State – e.g. 2-4%) to the State for payment to the Services Provider team for all activity conducted using the E-Procurement system. An illustrative example of the projected ramp-up of agencies and the target percentage of all procurement spending processed by the E-Procurement system, to be confirmed during a start-up period, would be as follows:

5. Replace the paragraph which begins at line 29 on page 11 with "In the above example, . . ." and which continues on the top of page 12 as follows:

A5
In the above example, suppliers to ITS would begin participating in the E-Procurement system during a six-month pilot. The supplier price would include a fee paid to the state for later payment to the Services Provider team based on the dollar value of E-